



Ed McAtee
Business Strategy & Planning
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INTEROFFICE MEMORANDUM

February 16, 1998

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Subject: PRICING SUMMARY REPORTS UPDATE

Attached are updated summaries on the following:

- ◆ Price Changes
- ◆ List Prices
- ◆ Private Label Pricing Analysis -- **Please note this report is Confidential.**

The update reflects:

- ◆ All major companies' increase on Full-Price and Savings brands.
- ◆ Forsyth Tobacco/Famous Value/AVA Private Label increase.
- ◆ Private Label pricing for "Wildcatters" is included. As we receive verification of new prices on the smaller companies, we will advise. To this end, please forward any information you might obtain regarding price changes, terms, rebates, etc. for Private Label brands for any of the companies.

:slc

Attachments

cc: T. F. Fields
J. Y. Marshall
J. R. Moore
F. G. Petto
S. J. Zitta
F.I.

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SAVINGS BRAND. COMPETITIVE PRICING

Revised 1/26/98

						<i>"Wildcutters"</i>							
	RJR P/L Forsyth	Prime Private Stock Summit	PM/PL	Liggett PL	Liggett Eagle Epic	Star Tobacco (Gumsmoke) (Sport) (Main Street) (Vegas)	Premier Marketing (1st Class) (Ultra Buy)	Darcon Int'l (Reno)	Common- wealth (USA Gold) (Common- wealth) (Country Value) (Sonoma)	Medallion Tobacco (USA) (Medallion)	Direct Marketing Services (US1)	JTI (Wave)	Fortune Tobacco Company (Checkers)
List	10.64	10.29	10.64	10.64	10.64	12.29	4.86	7.02	6.44	5.20	7.67	10.39 ⁽⁷⁾	5.45
Terms	.35	.33	.35	.35	.35	.46	.21		.21	.19	.24	.35	.18
Off-Invoice/Monthly Rebate	3.00	1.00	1.17	3.42 ⁽³⁾	3.17	6.58						3.50	
Net Invoice	7.20	8.96	9.12	6.87	7.12	5.25	4.65	7.02	6.23	5.01	7.38	6.54	5.27
Monthly Rebate		.68	.18				.18					.50	.50
Quarterly Rebate/Accrual			.05					.25					
Semi-Annual Rebate			.25										
Marketing Accrual	.05	.40											.30
Net Price	7.24	7.88	8.64	6.87	7.12	5.25	4.47	6.77	6.23	5.01	7.38	6.04	4.47
Optional:													
E.F.T.	.04	.05	.05	.05	.05			.10	.03			.07	
Direct Account Programs							.47		.15 ⁽⁶⁾				
Quarterly Volume Incentive				.30	.30								
Bus. Devel./Display Accrual		.30											
Annual Volume Incentive			.31 ⁽⁵⁾										
Share of Category Incentive	.25												
Direct Account Program	.16	.12	.16										
Potential Net	7.04	7.41	8.12	6.52 ⁽⁴⁾	6.77	5.25 ⁽²⁾	4.00	6.67	6.05	5.01	7.38	5.97	4.39

- (1) Prime, Private Stock, Summit periodic incremental couponing \$1 to \$2.00 or in selected regions run buydowns.
- (2) 28¢ volume incentive. 3¢ royalty if applicable.
- (3) At wholesalers discretion this amount can be split between off-invoice allowances and monthly rebates.
- (4) On certain Private Label brands, Liggett previously quoted from \$5.31 to \$5.57.
- (5) Opening order is \$4.75/carton.
- (6) Bonus rates based on achievement of 1,000 cases plus annually.
- (7) Also offer a one-time display placement payment of \$10 to retailer.

*Note: Other minor brands in the marketplace net price range \$4.50 to \$5.50. Volume negligible at this time.

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Direct Account
Summary 1
Price Increases
(PPrice Per M)

<u>Dates</u>		<u>Company</u>	<u>Full Price</u>	<u>Savings</u>	<u>Private Label</u>	<u>Value 25's</u>
<u>Notice</u>	<u>Effective</u>		<u>85/100</u>	<u>85/100</u>	<u>85/100</u>	<u>85/100</u>
1/23/98	1/26/98	RJR	\$66.70	\$53.20	NA	\$53.56
1/23/98	1/26/98	Forsyth	NA	NA	\$53.20	NA
1/23/98	1/26/98	PM	\$66.70	\$53.20	NA	\$53.56
1/23/98	1/26/98	Famous Value	NA	NA	\$53.20	NA
1/23/98	1/26/98	Lorillard	\$66.70	\$53.20	NA	NA
1/23/98	1/27/98	B&W (BAT)	\$66.70	\$53.20	NA	NA
1/23/98	1/27/98	AVA	NA	NA	\$51.45	NA
1/26/98	2/2/98	Liggett	\$66.70	\$53.20	\$53.20	NA
1/26/98	2/9/98	Commonwealth	\$66.70	\$53.20	NA	NA

	<u>Changes</u>				<u>Changes</u>		
	<u>From</u>	<u>To</u>	<u>Increase</u>		<u>From</u>	<u>To</u>	<u>Increase</u>
<u>Full Price</u>				<u>Value 25's</u>			
85's/100's	\$65.45	\$66.70	\$1.25	(RJR/PM)			
				85's/100's	\$52.56	\$53.56	\$1.00
<u>Savings</u>							
85's/100's	\$51.95	\$53.20	\$1.25				
<u>Private Label</u>							
(RJR/PM)							
85's/100's	\$51.95	\$53.20	\$1.25				
<u>(B&W)</u>							
85's/100's	\$50.20	\$51.45	\$1.25				
<u>(Liggett)</u>							
85's/100's	\$51.95	\$53.20	\$1.25				

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(Revised 2/16/98)

Direct Account
Summary 2
List Price Summary

<u>Manufacturer</u>	<u>Category</u>	<u>List Price Per M</u>	<u>List Price Per Carton</u>	<u>Major Brands in Category</u>	<u>Comments</u>
All	Full Price 85's/100's	\$66.70	\$13.34	All standard 20/200	
RJR/PM	Value 25's 85's/100's	\$53.56	\$13.39	Century/Players Lights	Invoice price varies based on state/local taxes.
PM/LOR	25's/200 85's/100's	\$66.70	\$13.34	Marlboro/Newport	8 pack/200 cigarettes per ctn.
RJR/PM	Canadian	\$65.35 \$72.00 \$77.60	\$13.07 \$14.40 \$15.52	Export A's (25's) Canadian Players (25's) Rothman (20's and 25's)	
	Savings 85's/100's	\$53.20	\$10.64	Doral, Magna, Monarch, Sterling, Best Value, American, Misty, GPC, Raleigh Extra, Richland 20's, Viceroy, Old Gold, Maverick Specials, Style, Pyramid, Covington Class A, Eagle 20's, Epic, Stars & Bars, Alpine, Basic, Bristol, Bucks, Cambridge, Dave's, Canada Goose, Montclair, Riviera, Malibu	

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Direct Account
Summary 2
List Price Summary
(Continued)

<u>Manufacturer</u>	<u>Category</u>	<u>List Price Per M</u>	<u>List Price Per Carton</u>	<u>Major Brands in Category</u>	<u>Comments</u>
Forsyth/FVB	Private Label 85's/100's	\$53.20	\$10.64	All Forsyth and Famous Value Brands	
AVA	Private Label 85's/100's	\$51.45	\$10.29	Prime, Private Stock, Summit	
Liggett	Private Label 85's/100's	\$53.20	\$10.64		

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